



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: April 11, 2001

REPORT NO. 01-064

ATTENTION: Honorable Mayor and City Council
Docket of April 16, 2001

SUBJECT: Neighborhood House Association - San Diego Food Bank

REFERENCE: Memorandum to Mayor and City Council dated March 22, 2001, Same Subject

SUMMARY

Issue(s) - 1) Should the City Council authorize the City Manager to reprogram \$91,000 from prior year Community Development Block Grant (CDBG) Funded projects for the San Diego Food Bank Program? 2) Should the City Council authorize the City Manager to enter into agreement with the Neighborhood House Association for the expenditure of these and the previously allocated \$15,000 of Council District 3 funds on CDBG eligible activities?

Manager's Recommendation(s) - 1) Authorize the City Manager to reprogram \$91,000 from prior year Community Development Block Grant (CDBG) Funded projects for the San Diego Food Bank Program. 2) Authorize the City Manager to enter into agreement with the Neighborhood House Association for the expenditure of these and the previously allocated \$15,000 of Council District 3 funds on CDBG eligible activities.

Fiscal Impact - This action will result in the reprogramming of prior year CDBG allocations to the Neighborhood House Association Food Bank Program. The total amount reprogrammed with this and the previous Council District 3 action is \$106,000. This action has no impact on general funds.

BACKGROUND

The San Diego Food Bank (SDFB), a program administered by the Neighborhood House Association (NHA), was established to combat hunger in San Diego County. Since 1977, the Food Bank has distributed food to local non-profit social service providers who serve families living at or below the poverty level, at risk children/youth and senior citizens. SDFB has several different programs including: Second Harvest Food Bank Network; Food Recovery; USDA Commodities Program; Commodities Supplemental Food; Soup Kitchen; and Cooperative Bulk Purchasing. It is estimated that through these various programs, they collect and distribute approximately 12 million pounds of food annually to more than 300 social service agencies throughout the county. While the Food Bank is a county-wide program, approximately 55% of their clients reside in the City of San Diego. Since the late 1970's, the City has contributed funds to SDFB through its annual Social Service Program allocation process. During the allocation process for the current fiscal year (FY01), the City contributed \$78,850 to support the operations of the program.

Several weeks ago the City Council and City Manager were contacted by NHA to advise them of recent transition plans and to request funding for revenue shortfalls related to the Food Bank. In response, a number of discussions and a meeting was held between City and NHA staff to clarify issues and request additional documentation. This Manager's Report and the recommendations included is the end result of a collaborative effort between City officials, City staff and the Neighborhood House Association.

DISCUSSION

In July 1997, the City entered into a short term sublease agreement with the Neighborhood House Association for the use of approximately 77,000 square feet of warehouse space at the Liberty Station site (formerly known as Naval Training Center). The City, under an interim leasing program, subleased numerous buildings at the site for below market rates. On October 1, 2000, the City transferred property management responsibility to the master developer, McMillin NTC, LLC. Due to the impending redevelopment of the property, on August 8, 2000 McMillin notified the SDFB that they would have to move from their Liberty Station site no later than April 1, 2001.

The Neighborhood House Association has developed a short term and long term relocation strategy (**See Attachment 1**). They estimate that they will need approximately \$300,000 in the short term to transition to their next site. Although the County and City combined account for less than 10% of the annual operating funding for the SDFB, they have asked both agencies to provide \$150,000 to help with their immediate needs. On March 20, 2001, the County Board of Supervisors approved \$150,000 in one time support of the SDFB.

All current year City social service funding is already allocated to other social service programs. Funding is available from Council District CDBG (bricks and mortar category). Thus far, each Council District has identified funds for the SDFB:

Council District 1	\$10,000
Council District 2	\$21,000
Council District 3	\$15,000 (Approved by Council on March 19, 2001)
Council District 4	\$20,000
Council District 5	\$ 5,000
Council District 6	\$ 5,000
Council District 7	\$20,000
Council District 8	<u>\$10,000</u>

Total District CDBG Funds	\$106,000 (Includes \$15,000 from previous allocation)
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Plus existing SDFB Allocation	<u>\$ 54,000</u>
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Total CDBG available to SDFB \$160,000

In addition to the \$106,000 of newly allocated CDBG funds, \$54,000 remains in a CDBG account, funded from prior years, that is available to the Food Bank for development of their new site. That creates a total CDBG allocation of \$160,000 for the SDFB.

ALTERNATIVE(S)

None.

Respectfully submitted,

Hank Cunningham, Director
Community and Economic Development

Approved: Bruce A. Herring
Deputy City Manager

Approved: P. Lamont Ewell
Assistant City Manager

EWELL/DFE/ELL

Attachment: 1. San Diego Food Bank Strategic Plan

**NEIGHBORHOOD HOUSE ASSOCIATION
SAN DIEGO FOOD BANK
TEMPORARY & LONG-RANGE NEEDS RELOCATION STRATEGY**

Background: The San Diego Food Bank (SDFB), which has been administered by the Neighborhood House Association (NHA), since its inception in 1977, has recently had to relocate its food warehouse (70,000 square feet) due to closure of the Naval Training Center.

SDFB is the basic “safety net” against hunger in San Diego County. It provides more than 1,000,000 pounds of food a month to the working poor, seniors and families. More than 38% of its recipients are children. In San Diego County, SDFB is the primary distribution center for United States Department of Agriculture commodities and the only food bank certified by America’s Second Harvest, which is the voluntary national food distribution network. In total, as many as 100,000 people benefit from the Food Bank.

SDFB has secured a “temporary” location at the 10th Avenue Terminal of the Port District. It will be there for **eight months** and then move to another temporary location. The second location has not been secured, but negotiations are underway for it. SDFB expects to **be in temporary space until December of 2003**. While there may be some curtailment of services, most will continue in the temporary quarters.

Long-range plan: Because it cannot afford market rates, which would add \$500,000 plus to its operating costs, the solution for the Food Bank is to conduct a capital campaign and buy or build its own warehouse. Many food banks throughout the United States have taken this route because of the high cost of leasing space.

The goal will be to raise funds in 2001-2002 and secure a building ready for occupancy by January 1, 2004.

SDFB will develop specific plans for a new building and then cost them out within the next six months. In the meantime, we have had **preliminary estimates of \$6,000,000** to provide the type of space, including refrigeration and freezer accommodations, needed.

Immediate needs: SDFB must move two times this year. It needs assistance with transition costs related to those moves. In particular, it needs funding for refrigeration and freezer space, without which it cannot conduct important parts of its food recovery program. Other large needs are for telephone and computers as well as for temporary office space and costs related to its moves.

NEIGHBORHOOD HOUSE ASSOCIATION
SAN DIEGO FOOD BANK

TIME LINE:

Moves:

April 2001 SDFB moves to temporary space at 10th Ave. Terminal

November 2001 SDFB moves to second temporary location (TBA)

November 2003 SDFB moves to permanent facility

Capital Campaign:

April 2001 Develop plan for capital campaign

June 2001 Complete preliminary plan for new facility

Sept. 2001 Establish campaign goal based upon cost estimates

Oct. 2001---

Dec.2002 Conduct capital campaign

Building:

The building plans would proceed apace with the capital campaign so that at the end of 2002, building could proceed if sufficient funds have been raised.